

Response to Order: 2019-1-2

Essential Air Service at

Pierre, South Dakota

Watertown, South Dakota

Under 49 U.S.C. § 41731 *et seq.*

DOCKET DOT-OST-2011-0138

DOCKET DOT-OST-2001-10644

January 15, 2019



DenverAir

CONNECTION

A Key Lime Air Company



This document serves as a response to Orders Requesting Proposals DOT-OST-2011-0138 and DOT-OST-2001-10644 posted on regulations.gov on January 15, 2019 by the United States Department of Transportation.

Key Lime Air was established as a small passenger and cargo operation in 1997. Over the past 22 years, it has not only grown to be one of the largest cargo feeder aircraft networks in the region but has also expanded into a substantial passenger charter and scheduled passenger airline operating as the

Denver Air Connection and authorized to conduct operations under FAR 135 (both commuter and on-demand) as well as FAR 121 (both Domestic and Supplemental). The Denver Air Connection currently flies for over 30 NCAA sports teams, numerous oil companies, and clients in the movie and entertainment industry as well as providing the only scheduled air service from Sheridan and Riverton, Wyoming to Denver for over 3 years. During this period, these communities have enjoyed 99.6% completed flights with an impressive 94.91% on time performance which is well above the industry standard. In addition to these flights, the Denver Air Connection has been flying between Grand Junction and Centennial Airport in Colorado five days per week since 2005 where the same level of consistency and reliability has been maintained to this very day.

Through its proven safe and reliable air service coupled with much hard work and perseverance, Key Lime Air/Denver Air Connection has obtained an Interline Agreement with United Airlines. We are currently in the final stages of implementation and set to go live within the first quarter of 2019. This interline agreement will not only allow our customers and communities to search, book and purchase our tickets on United's web site, United.com but will also facilitate baggage transfer and thru-check to and from any of United's 300 destinations across the United Airlines network. No more baggage and security hassles at DIA.

Concurrent with our United Interline agreement, Key Lime Air/Denver Air Connection has tooled up to join multiple Global Distribution Systems (GDS's). Our first to go live will be the SABRE GDS in the first quarter of 2019, which will give our flights worldwide visibility on such websites as Expedia, Kayak, Orbitz and many other Online Travel Agencies (OTA's). Between this and United, our customers can now enjoy seamless connectivity and unprecedented visibility to the worlds transportation system. We are also working to add connectivity to Travelport and Amadeus, to maximize our visibility.

The Denver Air Connection recognizes how critical marketing is to your community. We anticipate spending a minimum of \$20,000



per community to inform and maintain a cohesive line of communications between your communities



and our airline. Marketing will be managed by working with your local talent in determining how to best get the highest market share possible.

Unique to the industry, Key Lime Air/Denver Air Connection owns, operates and maintains its entire fleet of aircraft at our home base located at Centennial Airport in Englewood, CO. This location ties us closely to Denver International Airport which enables the company to closely control and

effectively manage its stringent operational and maintenance programs to the highest standards without the lag associated with bases that are located thousands of miles from the point of service.

Key Lime Air proposes to begin service with our existing fleet of Dornier 328 Jets. The Dornier 328 Jet is a 30 seat passenger aircraft, with 1,500 pounds of baggage capacity.



This very capable aircraft has successfully provided reliable service for Riverton and Sheridan Wyoming over the last three years.

Due to projected demand, we will transition to 50 seat Embraer ERJ-145s by September 1st, 2019. Key Lime Air has secured these aircraft and they will be delivered from Embraer in Q3 of 2019 in like new condition to include a complete refurbishment, new paint and interior.

Be a part of this winning team by joining forces with the Denver Air Connection.



Testimonial from Sheridan Wyoming: *"For the past 3 years Denver Air Connection has impressed our community with reliable, first class air service. The owners, flight crews, and customer service staff are second to none and have always gone the extra mile to ensure the success of air service in our community. We look forward to a long-term relationship with DAC!"* Renee Obermueller, Administrative Director, Sheridan Wyoming.

Pierre Watertown Tag

Representational Schedule

<u>Leg Rte</u>	<u>Out</u>	<u>In</u>	<u>Sun</u>	<u>Mon</u>	<u>Tue</u>	<u>Wed</u>	<u>Thu</u>	<u>Fri</u>	<u>Sat</u>
ATY-PIR	TBD	TBD	1	1	1	1	1	1	1
PIR-DEN	TBD	TBD	1	1	1	1	1	1	1
DEN-PIR	TBD	TBD		1	1	1	1	1	
PIR-DEN	TBD	TBD		1	1	1	1	1	
DEN-ATY	TBD	TBD		1	1	1	1	1	
ATY-DEN	TBD	TBD		1	1	1	1	1	
DEN-PIR	TBD	TBD	1	1	1	1	1	1	1
PIR-ATY	TBD	TBD	1	1	1	1	1	1	1

Cost Description	Total
Total Aircraft Lease	264,000
Total Crew Cost	2,100,765
Total Maintenance	1,250,913
Total Insurance	140,700
Total Overhead Facilities/Supplies/Staff	167,400
Total DEN Operating Expense	451,680
Total DIA Operating Expense	197,859
Total PIR Operating Expense	302,471
Total ATY Operating Expense	263,744
Total Deice, Catering and Other	63,147
Total Marketing	40,000
Ticketing expense	378,605
Fuel	2,892,344
Operating Expense	8,513,628
Profit Component 5%	427,056
Total Expense	8,940,685

Revenue

O&D traffic PIR	26,273
O&D traffic ATY	26,273
Total Traffic	52,546
Average fare	88
Average ancillary	10
Total Revenue	5,149,508

Subsidy Requirement

Subsidy per passenger	72.15
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3,791,177

Pierre Only

Representational Schedule

<u>Leg Rte</u>	<u>Out</u>	<u>In</u>	<u>Sun</u>	<u>Mon</u>	<u>Tue</u>	<u>Wed</u>	<u>Thu</u>	<u>Fri</u>	<u>Sat</u>
PIR-DEN	TBD	TBD	-	1	1	1	1	1	1
DEN-PIR	TBD	TBD	-	1	1	1	1	1	1
PIR-DEN	TBD	TBD	1	1	1	1	1	1	-
DEN-PIR	TBD	TBD	1	1	1	1	1	1	-

Cost Description

	Total
Total Aircraft Lease	144,000
Total Crew Cost	1,029,311
Total Maintenance	706,863
Total Insurance	140,700
Total DEN Operating Expense	406,680
Total DIA Operating Expense	175,622
Total PIR Operating Expense	307,390
Total Deice, Catering and Other	37,124
Total Marketing	20,000
Ticketing Expense	116,978
Fuel	1,583,400
Total Operating Expense	4,668,068
Profit Component 5%	234,158
Total Expense	4,902,226

Revenue

O&D traffic	27,524
Average Fare	100
Average Ancillary	10
Total Revenue	3,027,640

Subsidy Requirement

Subsidy per passenger	1,874,586 68.11
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Watertown Only

Representational Schedule

<u>Leg Rte</u>	<u>Out</u>	<u>In</u>	<u>Sun</u>	<u>Mon</u>	<u>Tue</u>	<u>Wed</u>	<u>Thu</u>	<u>Fri</u>	<u>Sat</u>
ATY-DEN	TBD	TBD	-	1	1	1	1	1	1
DEN-ATY	TBD	TBD	-	1	1	1	1	1	1
ATY-DEN	TBD	TBD	1	1	1	1	1	1	-
DEN-ATY	TBD	TBD	1	1	1	1	1	1	-

Cost Description Total

Total Aircraft Lease	66,000
Total Crew Cost	1,029,311
Total Maintenance	887,563
Total Insurance	140,700
Total DEN Operating Expense	451,680
Total DIA Operating Expense	174,855
Total ATY Operating Expense	290,471
Total Deice, Catering and Other	36,266
Total Marketing	20,000
Ticketing Expense	158,425
Fuel	2,005,640
Operating Expense	5,260,911
Profit Component 5%	263,893
Total Expense	5,524,804

Revenue

O&D traffic	26,774
Average fare	100
Average ancillary	10
Total Revenue	2,945,140

Subsidy Requirement 2,579,664

Subsidy per passenger	96.35
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For questions or comments, please contact:

Cliff Honeycutt

President

KEY LIME AIR

13252 E. Control Tower Rd.

Englewood CO 80112

(303) 768-9626 O | (303) 718-4301 C